

US EXECUTIVE APPROVAL FORM**Marconi Communications, Inc.****HQAPP Requests:**

Privileged Material Redacted

Previously approved requests (include date of approval): 5/30/03

1. Store + 25% Discount (50% total) on e-Business Suite, Worst case Store + 35% (60% total)
2. 2 year price hold on e-Business Suite at 50%
3. 50% discount for database, Worst case 60%
4. 2 year price hold for DB, 9iAS at 50%
5. Flat-line support for 3 years (current + 2 renewal)
6. Assignment of unsupported licenses.
7. Payments terms of \$200,000 net 5, remainder net 45 (has been approved by credit_us)
8. Simplified customer reference clause.
1. CONTRACTS ADD THE WORD "PERPETUAL" NEXT TO THE ESUITE LICENSES since the system automatically generates this word into the contract for the DB licenses on the contract. The Customer feels that not having this next to the ESuite licenses, it could be construed their licenses are termed.
2. PERMISSION TO HAVE THE US CONTRACTS ORG CREATE AN ASSIGNMENT DOCUMENT BASED OFF THE MIGRATION TEMPLATE (researched by MAT TEAM with UK Counterpart)
3. In the E-Business Migration section of the Order Document, the last paragraph reads: "Customer agrees to upgrade/migrate licenses previously acquired to new license types and/or program names. The existing licenses to be upgraded/migrated are specified in the Net to Net Existing Licenses (Terminated) Column above. These licenses are upgraded/migrated to the number of licenses and license types specified in the Net to Net Migrated Licenses (New) Column above. All existing licenses that are being upgraded are terminated." – THE CUSTOMER IS REQUESTING REMOVAL OR CLARIFICATION OF THE LAST SENTENCE OF THE ABOVE PARAGRAPH. AS THEY FEEL IT IS TOO VAGUE

Privileged Material Redacted



Privileged Material Redacted



Privileged Material Redacted

Privileged Material Redacted

Define the Marconi employee population for the purpose of calculating license minimums for the E-Business Suite as excluding the Engineering Department – who will never use Oracle applications. The Engineering Department is defined as those employees who are assigned to the Engineering cost center. Currently this is 263 employees out of a total population of 766. Based on this definition, Marconi is licensing 55% of their countable employee population as Professional Users.

SECTION II – Deal Summary:

Deal Summary	
Programs	11i E-Business Suite, 9i EE, 9iAS EE
License Discount	50 % (ebiz + 25 %), worst case 60%
Support Discount	50 % (ebiz + 25 %). Worst case 60%
Comp & Admin Discount	
Phased Implementation for Comp & Admin?	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO
Subset of Users	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO
Support Options/Holds	
Price Holds	
List License	\$1,709K
List Support	\$376K
List Comp & Admin	
Net License	\$658K (worst case \$512K)
Net Support	\$234K + \$60K reinstatement (worst cast \$225K + \$60K reinstatement)
Net Comp & Admin	
Net Total Price	\$892K + \$60K reinstatement (worst case \$737K + \$60K reinstatement)
Price List Used	March 07, 2003 – quote was submitted on March 12 but we have now received confirmation from Marconi to move ahead.

Justification:

- Marconi Communications is a wholly owned subsidiary of Marconi Plc and is currently a user of Oracle Applications. They originally bought the applications in 1997, but cancelled those licenses in 2001 when Marconi Plc bought a global license from Oracle. Under that agreement, Marconi Plc bought 21000 users in May 2001 and another 7000 in December 2001. They were required to own licenses for at least 50% of their employee population. Under this deal, they were licensed for virtually all Oracle Apps. Due to market conditions, Marconi Plc cancelled support for the 21000 users in May 02 and then cancelled support for the 7000 users in December 2002 (after having spent \$50-\$60M in software, support and consulting). Per the account team, it does not appear that any of the licenses were terminated.
- Marconi Communications has continued to run our applications, and may be spun out from under Marconi Plc in the near future. Account team is proposing to have an assignment of a portion of these licenses (unsupported) as listed below from Marconi Plc to Marconi Communication. Marconi Communications will pay the reinstatement fee and then migrate to the ebiz suite.

Licenses to be assigned/migrated

Internet Application Server Enterprise Edition	29-May-01	350
Oracle Database Enterprise Edition	29-May-01	350

Training Administration	29-May-01	3250
Financials	29-May-01	100
Human Resources	29-May-01	1675
Discrete Manufacturing	29-May-01	100
Purchasing	29-May-01	100

Order Management	29-May-01	4167
------------------	-----------	------

Mobile Field Service	29-May-01	99
----------------------	-----------	----

- Marconi Communications has spent a significant amount of money with Oracle in the last 3 years and the management would like to remain an Oracle customer to leverage their investment, but will pursue other options with SAP and Peoplesoft if we cannot accommodate their budget constraints. This will, in effect, be the third time they have purchased these licenses.
- This discount brings the price in line with Marconi's budget constraints. Marconi is stating that since they have run unsupported for 5 months, if we do not offer an adequate price, they will continue to run unsupported and look at switching to another vendor.
- Marconi is currently running 18 of our modules and this discount brings the migration fee into line with the additional modules they will be receiving.
- This transaction will bring Marconi into a standard license metric.
- Alternatively, Marconi has asked to not do a migration and license the modules brand new. Doing so at the same discount yields \$867K license and \$191K annual support (at 50%).

Recommendation:

Changes look fine. I want to know what the final resolution is going to be around assignments...

Submitted By: Cochran

R: 05/30/03

C: 05/30/03

L: 05/30/03

A: 05/30/03

BP: SWONG